

AR20

Stall Lake Mines Ltd. 1973 annual report



BOARD OF DIRECTORS: D. S. PATERSON, *Winnipeg, Man.*
W. C. BRISBIN, *Winnipeg, Man.*
K. NUMEROW, *Winnipeg, Man.*
J. B. McSORLEY *Virden, Man.*
G. T. SMITH *Toronto, Ont.*
W. McKAYSEFF *Winnipeg, Man.*
F. E. COLE *Winnipeg, Man.*

OFFICERS: D. S. PATERSON, *President*
W. C. BRISBIN, *Vice-President*
K. NUMEROW, *Secretary-Treasurer*
F. E. COLE, *Asst. Secretary-Treasurer*
J. B. McSORLEY, *Executive Assistant*

AUDITORS: THORNE GUNN & CO. *Winnipeg, Man.*

GENERAL COUNSEL: K. NUMEROW *Winnipeg, Man.*

CONSULTING GEOLOGIST: W. C. BRISBIN, P.ENG., *Winnipeg, Man.*

TRANSFER AGENTS: CANADA PERMANENT TRUST COMPANY
Winnipeg, Man.,
Vancouver, B.C.

STOCK LISTED: THE WINNIPEG STOCK EXCHANGE
THE VANCOUVER STOCK EXCHANGE

DIRECTORS' REPORT

ROD CLAIMS (Snow Lake, Manitoba)

Since the last annual meeting of your Company, the efforts of the Board of Directors have been almost exclusively directed toward the goal of bringing the ore body situated on the Rod Claims into production. The ore body is estimated at 672,641 short tons, allowing for 10% dilution, containing 5.38% copper, 2.28% zinc, with added values in gold and silver. Previously the sum of approximately \$2,100,000.00 had been spent by Falconbridge Nickel Mines Limited towards bringing the property into production, including preparation of the shaft site, collaring the shaft, erecting the headframe and acquiring plant and equipment.

Since Falconbridge ceased its work, extensive negotiations have been conducted with various organizations with a view to obtaining necessary financing and bringing the claims into production. Interest in the project was expressed by a high percentage of the organizations approached, but in each instance it was stipulated that the negotiations could only be brought to a fruitful conclusion if it were possible to arrange for the acquisition of the 50% interest which Falconbridge had earned in the property by virtue of its past work and expenditures.

Based upon the above your Directors, in co-operation with the other organizations which had expressed interest in the project, entered into lengthy negotiations with Falconbridge with a view to acquiring the interest in the property owned by Falconbridge. These negotiations appeared to be proceeding towards a successful conclusion when, in the past month, Falconbridge expressed renewed interest in doing the job itself. Since that time your Board and Falconbridge officials have been attempting to arrive at a settlement of the terms upon which work might resume. It is hoped that the outstanding issues between the two companies can be resolved in the very near future and that production can be achieved without further delay.

The timing of the renewed interest by Falconbridge coincides with a general world shortage of metals and very favourable prices for producers. With these factors working in our favour it is anticipated that we will be able to report further and favourable developments in the very near future.

OTHER PROPERTIES

In accordance with the wishes of our shareholders as expressed at the last annual meeting, your Company has put aside all other projects to concentrate on bringing the Rod Claims into production. However, the interests of the Company in these other projects has been maintained with a view to re-activating them once resources are available.

These other interests include a 70% interest in the Wildnest Claims in Saskatchewan. Diamond drilling programs have indicated that the Wildnest Claims contain 2,186,056 short tons averaging 0.61% copper, and 1.35% zinc with variable gold and silver values. Further diamond drilling is required to define the down plunge extension of the mineralized zone.

Your Company has also maintained three claim blocks situate to the north east of the Rod Claims and its option on the Canton Claims situated south west of the Rod Claims. All of these properties require further exploratory work in order to properly assess their possibilities.

Four separate groups of claims in the Red Lake district of Ontario have been examined and are of some interest in view of the current price of gold. No decisions have yet been taken on these groups pending completion of geological investigations and further progress in respect of the Rod Claims.

DIRECTORS' REPORT CONT.

COMMENTS

Once again it is my pleasure to express the appreciation of the Board to that group of shareholders who have given freely of their time and skills to further the objectives of your Company. The progress made over the past year would have been all the more difficult to achieve without their unwavering support and assistance.

On behalf of the Board.

D. S. PATERSON
President

AUDITORS' REPORT

To the Shareholders of
Stall Lake Mines Limited

We have examined the balance sheet of Stall Lake Mines Limited as at March 31, 1973 and the statements of deferred exploration, development and administrative expenditures, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Gunn & Co.

Winnipeg, Canada
May 15, 1973

Chartered Accountants

FINANCIAL REPORT

STALL LAKE MINES LIMITED
(Incorporated under the laws of M

(Incorporated under the laws of Manitoba)

BALANCE SHEET - MARCH 31, 1973

(with comparative figures at March 31, 1972)

ASSETS

<u>1973</u>		<u>1972</u>
67,723	440 \$	89,010
1,450		1,271
781		798
<u>70,394</u>		<u>97,041</u>

INVESTMENTS, at cost

Scope Resources Limited
101,500 Common shares (quoted market value
1973 - \$11,165; 1972 - \$13,702)
Marketable securities, at cost (quoted
market value 1973 - \$10,002; 1972 - \$10,950)

DETERMINING CLAIMS AND OPTIONS. at cost (note 1)

FIXED ASSETS (note 2)

Buildings, machinery and equipment, at cost

DEFERRED CHARGES (note 3)

ferred exploration, development and administrative expenditures

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized	3,000,000	Common shares without par value
Issued	2,474,530	Common shares

DEFICIT

\$ 681,947 \$ 679,943

Approved by the Board

Director "D. S. Paterson"

Director "Kenneth Numerow"

STALL LAKE MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT
AND ADMINISTRATIVE EXPENDITURES

YEAR ENDED MARCH 31, 1973

(with comparative figures for 1972)

EXPLORATION AND DEVELOPMENT

PLORATION AND DEVELOPMENT		
Snow Lake, Manitoba		2,629
Mine supplies, expenses and travel	\$ 1,206	\$ 4,211
Production planning	5,419	4,957
Watchman's wages and benefits	6,625	11,800
		457
Less reimbursements	6,625	11,343
Ulam Blocks 3558, 3559, 3560		2,844
Geophysical survey		294
Supplies and expenses		7,604
Drilling		10,742

Canton Claims

Geophysical survey
Supplies and expenses

Kays Claims

Option deposit

Geophysical survey

Drilling

Supplies and expenses

Total exploration and development

STALL LAKE MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT
AND ADMINISTRATIVE EXPENDITURES

YEAR ENDED MARCH 31, 1973
(with comparative figures for 1972)

	1973	1972
ADMINISTRATIVE		
Accounting and audit	\$ 1,025	\$ 925
Dues and subscriptions	242	253
Office rent, light and telephone	2,471	2,927
Office supplies and general expenses	1,000	1,781
Officers' remuneration	7,200	7,200
Printing and postage	1,666	2,200
Salaries	7,238	6,970
Transfer agents' fees and expenses	2,544	3,522
Travel and promotion	407	2,288
	<u>23,793</u>	<u>28,066</u>
Expenditures for the year	32,436	70,375
Deduct interest earned	<u>4,823</u>	<u>9,234</u>
NET DEFERRED EXPENDITURES FOR THE YEAR	27,613	61,141
Balance deferred at beginning of year	345,135	303,108
	<u>372,748</u>	<u>364,249</u>
Less transfer to deficit of Kays Claims development expenses		19,114
BALANCE DEFERRED AT END OF YEAR	<u>\$ 372,748</u>	<u>\$ 345,135</u>

STALL LAKE MINES LIMITED

STATEMENT OF DEFICIT

YEAR ENDED MARCH 31, 1973
(with comparative figures for 1972)

	1973	1972
Balance at beginning of year	\$ 73,246	\$ 54,132
Development expenditures on surrendered Kays Claim options		<u>19,114</u>
BALANCE AT END OF YEAR	<u>\$ 73,246</u>	<u>\$ 73,246</u>
STATEMENT OF SOURCE AND APPLICATION OF FUNDS		
YEAR ENDED MARCH 31, 1973		
(with comparative figures for 1972)		
SOURCE OF FUNDS		
Issue of capital stock		<u>\$ 7,201</u>
APPLICATION OF FUNDS		
Net deferred expenditures for the year	\$ 27,613	61,141
Purchase of Scope Resources Limited shares		760
Cost of Canton Claim option	1,000	3,000
Additions to equipment	<u>38</u>	<u>294</u>
	<u>28,651</u>	<u>65,195</u>
DECREASE IN WORKING CAPITAL	28,651	57,994
WORKING CAPITAL AT BEGINNING OF YEAR	<u>93,028</u>	<u>151,022</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 64,377</u>	<u>\$ 93,028</u>

STALL LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1973

1. MINING CLAIMS AND OPTIONS

MINING CLAIMS

18 claims (M5819 to M5836) in the Snow Lake area, of The Pas Mining District, Manitoba, acquired by the issuance of 750,000 common shares \$ 112,500

Under the terms of an agreement dated June 1, 1965, Falconbridge Nickel Mines Limited has acquired a 50% interest in these claims. The agreement further provides that should Falconbridge incorporate a new company to operate any of the claims and finance the developments costs on an interest free basis, their interest would be increased to 60%.

48 claims in the Wildnest Lake area, of the Churchill Mining District, Saskatchewan, a 70% interest acquired for cash 1,550

Scope Resources Limited owns the remaining 30% interest in these claims. Future expenditures will be shared on a 70-30 basis.

3 claim blocks (3558, 3559, 3560) in the Snow Lake area of The Pas Mining District, Manitoba, acquired for cash 875

OPTIONS

7 claims (Canton) in the Snow Lake area, of The Pas Mining District, Manitoba, optioned for cash 4,000

The option agreement calls for an original deposit of \$2,000 plus \$1,000 for each of three years to maintain the option. A final payment of \$25,000 will give the company 90% ownership in the claims

\$ 118,925

2. FIXED ASSETS

Fixed assets are recorded at cost. No provision has been made in the accounts for depreciation on these assets in the current and prior years.

	1973	1972
Buildings	\$ 17,606	\$ 17,606
Machinery and equipment	56,287	56,249
Jeep and trailer	<u>6,950</u>	<u>6,950</u>
	<u>\$ 80,843</u>	<u>\$ 80,805</u>

STALL LAKE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1973

3. DEFERRED CHARGES

DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

	1973	1972
Exploration and development		
Snow Lake, Manitoba	\$ 152,830	\$ 146,203
Wildnest Lake, Saskatchewan	84,325	84,325
Claim Blocks 3558, 3559, 3560, Manitoba	13,035	13,035
Canton Claim option, Manitoba	<u>3,128</u>	<u>1,110</u>
	253,318	244,673
Administration	184,309	160,518
Interest income	<u>(64,879)</u>	<u>(60,056)</u>
	<u>\$ 372,748</u>	<u>\$ 345,135</u>

The summary reflects the cumulative totals for those claims and options remaining in/good standing, together with cumulative totals of administration and income.

4. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers (as defined by the Companies Act) was as follows

Directors and senior officers	\$ 7,200	\$ 7,200
Other employees	<u>12,600</u>	<u>11,609</u>

